



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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May 21, 2012

TO: Statewide Elected Officials
Agency Directors
Presidents of Higher Education Institutions
State Boards and Commissions

FROM: Marty Brown *MB*
Director

SUBJECT: QUALITY MANAGEMENT ACTIVITIES

In 2005, the Legislature enacted Second Substitute House Bill 1970 requiring all state agencies, "within available funds" to develop and implement a quality management, accountability and performance system. State agencies subject to this requirement include each state agency, department, office, officer, board, commission, bureau, division, institution, or institution of higher education, and all offices of executive branch elected officials. The Legislature, Judiciary, and agricultural commissions are exempt from this requirement.

The quality management system, including the component of applying to the Washington state quality award or other organization for an independent assessment of the agency's system, must be performed within available funds. Over the past three years state government has cut nearly \$11 billion, putting pressure on all of us to do more with less to preserve education, public safety, and social safety net services. The 2011-13 budget includes \$60 million in central service reductions, as well as administrative cuts in most agencies. The 2012 supplemental budget also includes the expectation that agencies will under-spend their revised budgets by \$120 million. This being the case, we have determined that due to lack of available funds, state agencies are not required to perform an independent assessment of their quality management system during the 2011-13 biennium.

This assessment delay does not diminish the need for state agencies to engage in continued improvement in management, accountability and performance. Performance assessments will be a key component of the Priorities of Government process as we develop the 2013-15 biennial budget. To advance management and administrative improvements, the Government Management and Accountability Program continues in force. In addition, the Governor's Executive Order 11-4 directs cabinet agencies to learn Lean principles and tools, and to complete a Lean project by August 31, 2012. We are grateful to The Boeing Company, Virginia Mason, Children's Hospital, Group Health, Alaska Airlines and many other companies located in Washington state for stepping up to provide Lean assistance to state agencies at no cost.

If you have any questions, please contact me at (360) 902-0530.